

BUDGET LETTER

SUBJECT: PAYMENT OF VICTIM COMPENSATION AND GOVERNMENT CLAIMS BOARD CLAIMS, DEPARTMENT OF JUSTICE SETTLEMENTS AND JUDGMENTS	NUMBER: 07-28 DATE ISSUED: September 19, 2007
REFERENCES:	SUPERSEDES: BL 06-31

TO: Departmental Budget Officers
Departmental Accounting Officers
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

Legislation authorizes payment of government claims approved by the California Victim Compensation and Government Claims Board (Board, formerly "Board of Control") and Department of Justice (DOJ) settlements and judgments in one of two ways. Situation 1, when the Board or DOJ has identified the appropriation to be charged and the accounting office of the affected department has certified that the necessary funds are available, a chaptered claims bill may reduce individual Budget Act items and transfer the authority for payment of claims to the Board or DOJ. Situation 2, when there is no other statutory authority for payment or if there are insufficient funds available in an individual appropriation, the chaptered claims bill may authorize the Board or DOJ to pay claims directly from specified fund balances.

Government Code Section 905.2(f) also authorizes the Board to assess a surcharge in an amount not to exceed 15 percent of the total approved claim. These surcharges are treated as expenditures to the Items listed in the legislation.

Occasionally, errors or subsequent changes will cause an incorrect fund to be charged to pay a claim. When this occurs, the department's accounting office, the State Controller's Office (SCO), or the Department of Finance (Finance) informs the Board or DOJ of any error identified in the chaptered claims bill. Once the errors are identified, the Board or DOJ then notifies SCO of the correct fund and/or item of appropriation from which to pay the claim. In these instances, the Supplementary Schedule of Appropriations (Schedule 10s) will reflect the correct fund. As a result, when the citations and/or amounts in the chaptered claims bill do not agree with the citations and/or amounts reflected in the Schedule 10s, the information reflected on the Schedule 10s is considered the accurate data.

Attachment A provides a sample of how these approved claims are reflected in the various budget documents (e.g., the Schedule 10s, the Detail of Appropriations and Adjustments (RWA), and the Fund Condition Statements).

Changes to Departmental Appropriations

Chapter 87, Statutes of 2007 and pending legislation SB 242, AB 1273, and AB 1274 authorize reductions to specified Budget Act items or the payment of claims directly from specified funds. The changes to departmental appropriations will be centrally posted. No action by the departments is required.

Reduction of Appropriations (Situation 1)

- Schedule 10s: Finance's Financial Operations Unit will post the chaptered Legislative Claim reductions to the affected departments' items when all the legislation is chaptered.
- Departmental RWAs: A separate line will display the Legislative Claims reductions reflected in the Schedule 10s (Attachment A, Part A).
- Automated Fund Condition Statements: Expenditures will be reflected under 9670 Legislative Claims for the appropriate funds when all the legislation is chaptered.
- Planning Estimate (PE) worksheets: The transfer of expenditure authority will be posted as a negative amount on PE line 0600, "Transfer To (within a fund)". Correspondingly, the 9670 PEs will reflect the expenditure authority as a positive amount on PE line 0650, "Transfers From (within a fund)".
- Legislative Claims budget display: Because the chapters will transfer the authority for payment of the claims to the Board or the DOJ, the claim payments (expenditures) will be reflected in the Legislative Claims budget (9670) (see Attachment A, Part B) rather than in a department's program budget.

Direct Charges to Fund Balances (Situation 2)

When an appropriation is not identified, the Board or the DOJ pays claims directly from specified fund balances. The automated Fund Condition Statements will display the Legislative Claims budget (9670) (see Attachment A, Part B). No action by departments is necessary.

Please call Audrey Bazos, Finance Budget Analyst, at (916) 445-8913 if you have any questions.

/s/ Todd Jerue

Todd Jerue
Program Budget Manager

Attachment

SAMPLE SITUATION
2660 DEPARTMENT OF TRANSPORTATION
Part A

RECONCILIATION WITH APPROPRIATIONS			
1 STATE OPERATIONS			
042 State Highway Account			
(in thousands)			
APPROPRIATIONS	PY	CY	BY
001 Budget Act appropriation	\$100	\$125	\$200
Transfer to Legislative Claims (9670) (<i>Situation 1</i>)	—	<u>-15</u>	—
TOTALS, EXPENDITURES	\$100	\$110	\$200

FUND CONDITION STATEMENT			
042 State Highway Account			
(in thousands)			
	PY	CY	BY
BEGINNING BALANCE	XXX	XXX	XXX
~~~~~			
EXPENDITURES			
Disbursements:			
2660 Department of			
Transportation:			
State Operations	100	110	200
9670 Legislative Claims:			
State Operations			
( <i>Sum of Situation 1</i>			
<i>and Situation 2</i> )	<u>10</u>	<u>35</u>	—
Totals, Disbursements	\$110	\$145	\$200

SCHEDULE 10 - CURRENT YEAR			
(in whole dollars)			
	Auth	Exp	Sav
--INITIAL AUTHORIZATION--			
Unscheduled	125,000		
--TOTAL--	125,000		
--ADJUSTMENTS--			
(480) Transfer to Leg Claims			
per Ch X/XX ( <i>Situation 1</i> )			
Unscheduled	-14,785		
--TOTAL--	-14,785		
--REVISED APPROPRIATION TOTALS--			
YOY			
Unscheduled CY	110,215	110,215	
--TOTAL--	110,215	110,215	

**Part B**  
**9670 EQUITY CLAIMS OF CALIFORNIA VICTIMS COMPENSATION AND**  
**GOVERNMENT CLAIMS BOARD AND**  
**SETTLEMENTS AND JUDGMENTS BY DEPARTMENT OF JUSTICE**

RECONCILIATION WITH APPROPRIATIONS			
1 STATE OPERATIONS			
0494 Special Funds			
(in thousands)			
(042 State Highway Account)	PY	CY	BY
APPROPRIATIONS			
Ch x/xx ( <i>Situation 1</i> )	-	\$15	-
Ch y/xx ( <i>Situation 2</i> )	<u>\$10</u>	<u>20</u>	—
TOTALS, EXPENDITURES	\$10	\$35	--

**NOTE:** Italicized comments are for illustration only and are not to be included in actual budget documents.